

Chief, Economic Research Area, ORR

3 December 1959

Chief, Industrial Division, ORR

Monthly Report, November 1959

I. Relations with and Support to Other Components:

A. CIA:

1. Chief, D/I continued to devote the majority of his time in support of NIE 11-8-59, "Soviet Capabilities for Strategic Attack through Mid-1964."

2. At a meeting of members of the ERA and the Eastern European Branch of FID, it was decided to resume economic coverage by JPRS of the Eastern European provincial press which had been discontinued last Spring.

3. Khrushchev's missile statement of 14 November occasioned the following I/GM support papers: (1) a comment for presentation by the DCI at an OCB meeting; and (2) a comment for transmittal to

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4. At the request of DAD/RR, I/GM participated with representatives of St/I, D/OC and S/TR in the preparation of a staff study assessing the requirement for more intensive collection and analysis of information on the Soviet rail network in selected areas as a means of narrowing the search for long-range missile deployment. The study recommends establishment of a small ORR task force to spearhead such an intensified effort.

5. I/GM provided support to DAD/RR in connection with a recommendation that ORR share with OSI certain operating expenses which would be incurred under a proposed covert project to obtain information on Soviet rocket engine testing.

6. 25X1A9a I/GM, briefed the CIA Guided Missile Forum on 25 November concerning ORR's view of Khrushchev's 14 November statement on missile production. I/GM, 25X1A9a presented her regular monthly report to the Forum on Soviet air-to-surface missile training activity.

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7. Chief, I/GM, participated with AD/RH and members of OSI in a review with Chief, SR/DD/P, of current problems concerning DD/I-DD/P relationships in the field of guided missile collection.

8. I/GM prepared a recommendation to the DD/I that the services of an outside specialist be obtained to provide certain information requested from CIA on clandestine DCEM production under conditions of disarmament. This recommendation has been approved and preliminary negotiations will be undertaken shortly by Chief, D/I.

B. USIB:

9. Members of the Division met with the GMR representative on the task force appointed by the Subcommittee to evaluate the subject of a Czech-US exchange program. It was Division consensus that a substantial intelligence gain would accrue to the US from an exchange of personnel in various industrial fields.

10. Chief, I/AR met with the Ad Hoc Subcommittee on Civil Aircraft Production Exchange which determined that the US would accrue a substantial technological and intelligence gain if the exchange were effected.

11. I/FE has attempted to revive interest in an anti-friction bearings exchange with the USSR because a number of the Soviet plants are located in cities of apparent importance to the guided missile program. [REDACTED] is seeking the cooperation of US industry. 25X1A2g

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12. [REDACTED] I/FE, is studying the feasibility of an exchange with the USSR for certain specific categories of agricultural machinery, such as harvesting machinery or soil cultivation machinery. An exchange in such a specialized category, if approved by the Soviets, would require them to include cities that have so far been closed to most Westerners.

C. Other:

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13. [REDACTED] and Chief, I/MS participated in a debriefing of Mr. Mayer Kestbaum, special assistant to the President and former Chairman of the Committee for Economic Development. Mr. Kestbaum, who is president of Hart Schaffner and Marx, toured the USSR in the summer of 1959.

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14. In November I/AR personnel participated in the ABC Aircraft Conference which was held in Washington, D. C. Members of I/EE traveled [REDACTED] Sino-Soviet 25X1X7  
[REDACTED] Shipbuilding Conference and the ensuing [REDACTED] Naval Intelligence 25X1A2d2  
25X1A9a Conference. [REDACTED] I/EE, participated in a meeting of the  
25X1X7 Interagency Working Group assigned to develop and coordinate planning  
for the [REDACTED] Conference on Electronics to be held in the  
summer of 1960.

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16. Members of I/EE met with representatives of Department of Defense Supply and Logistics, Air Material Command, Army Ordnance and the Electronics Production Resources Agency to discuss and acquire cost data on the electronic components of US missile systems for the branch project "The Impact of Guided Missile Requirements of the Electronics Industry of the USSR." Next month it is planned to visit West Coast missile deployment sites and missile manufacturing installations to acquire similar cost data.

17. Chief, D/I participated in a discussion with representatives of Strategic Air Command in connection with SAC's program to computerize the recovery and analysis of intelligence information. This system is supposed to be operationally feasible around 1964.

25X1A9a 18. [REDACTED] I/EE, continued to provide  
25X1A9a intelligence support on economic defense matters in connection with  
the 1959 COCOM list review. [REDACTED] spent five weeks in Paris  
in direct support of the negotiations. Many items have been successfully negotiated, although several of the more important electronics items remain disagreed and have been carried over to the second round of the negotiations. These include microwave communications equipment, line carrier communications equipment, electronic computers, magnetic tape equipment, and airborne electronic equipment. These items constitute areas of great interest to other participating countries as they cover equipment where the greatest amount of trade may take place in the event of substantial relaxation of controls.

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19. Also in support of COCOM, I/PE, performed research on USSR development and production of direct reading gaudometers (instruments for determining the composition of metals). This intelligence is to be used in support of a determination of the US position regarding a shipment of gaudometers to the USSR from the Swiss subsidiary of a US firm.

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20. I/PE, participated in a meeting called by the Office of the Secretary of Defense to discuss information developed by OSD analysts on Soviet production of high-speed grinding machines which appeared to contradict intelligence previously supplied by I/PE for the COCOM fact sheet. satisfied this interagency group that I/PE had already considered the information in question and that it did not change the CIA evaluation of Soviet capabilities in this field.

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**II. Changes in Estimates:**

21. No significant changes in estimates were made during the month.

**III. Future Plans:**

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22. is preparing an integrated plan for training I/PE analysts on basic manufacturing processes. Present training consists mostly of plant visits. It is believed that an organized approach using a combination of books, films, and plant visits would be more beneficial than occasional plant trips alone.

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**IV. Problems:**

24. NSA has still not responded formally to the comprehensive I/GM requirement levied in September as a result of the exchange of correspondence between the DD/I and the Director, NSA last summer (see most previous 1959 monthly reports).

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